

FCC Form 481 - Carrier Annual Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010> Study Area Code	290571	
<015> Study Area Name	MILLINGTON TEL CO	
<020> Program Year	2017	
<030> Contact Name: Person USAC should contact with questions about this data	John Strode	
<035> Contact Telephone Number: Number of the person identified in data line <030>	8703362345 ext.	
<039> Contact Email Address: Email of the person identified in data line <030>	John.Strode@RitterCommunications.com	
Form Type	54.313 and 54.422	

(100) Service Quality Improvement Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@BitterCommunications.com

<110>	Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.	<input checked="" type="radio"/> (yes / no) <input type="radio"/>
<111>	year plan" filed with the FCC?	<input checked="" type="radio"/> (yes / no) <input type="radio"/>

If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

290571tn112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	Yes
<114>	Report how much universal service (USF) support was received	Yes
<115>	How much (USF) was used to improve service quality and how support was used to improve service quality	Yes
<116>	How much (USF) was used to improve service coverage and how support was used to improve service coverage	Yes
<117>	How much (USF) was used to improve service capacity and how support was used to improve service capacity	Yes
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	Yes

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(300) Unfulfilled Service Request
Data Collection Form

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July 2013

<010> Study Area Code

290571

<015> Study Area Name

MILLINGTON TEL CO

<020> Program Year

2017

<030> Contact Name - Person USAC should contact regarding this data

John Strode

<035> Contact Telephone Number - Number of person identified in data line <030>

8703362345 ext.

<039> Contact Email Address - Email Address of person identified in data line <030>

John.Strode@RitterCommunications.com

<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

(400) Number of Complaints per 1,000 customers Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strade
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext..
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strade@RitterCommunications.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	4.0E-4
<450>	Complaints per 1000 customers for mobile broadband	

(500) Compliance With Service Quality Standards and Consumer Protection Rules Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	290571
<015>	Study Area Name	WILLINGTON TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strobe
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strobe@RitterCommunications.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	290571tn510.pdf

(600) Functionality in Emergency Situations Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strobe
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext..
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	290571tn610.pdf

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<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

1/1/2016

<701>	Residential Local Service Charge Effective Date
<702>	Single State-wide Residential Local Service Charge

[illegible]

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[illegible]

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July 2013

[illegible]

(900) Tribal Lands Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strozde
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strozde@PitterCommunications.com

<900> Does the filing entity offer tribal land services? (Y/N) No

<910> Tribal Land(s) on which ETC Serves

Name of Attached Document

<920> Tribal Government Engagement Obligation

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

Select Yes or No or Not Applicable

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

(1000) Voice and Broadband Service Rate Comparability
Data Collection Form

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<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

<1000>	Voice services rate comparability certification	Yes	
<1010>	Attach detailed description for voice services rate comparability compliance	290571tn1010.pdf	Name of Attached Document
<1020>	Broadband comparability certification		Yes - Pricing is no more than the non-promotional price charged for a comparable fixed wireline service in urban areas in the states or U.S. Territories where the eligible telecommunications carrier receives support
<1030>	Attach detailed description for broadband comparability compliance	290571tn1030.xlsx	Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

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July 2013

<010>	Study Area Code	290571
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<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers

Lifeline

Data Collection Form

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<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

290571tn1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,



<1222> Details on the number of minutes provided as part of the plan,



<1223> Additional charges for toll calls, and rates for each such plan.



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(2000) Price Cap Carrier Additional Documentation
Data Collection Form
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703562345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support

<2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support

<2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.

<2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.

<2024A> Round 2 Recipient of Incremental Support?

<2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.

Name of Attached Document Listing Required Information

<2025A> Round 1 or Round 2 Recipient of Incremental Support?

<2025B> Attach geocoded Information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-

Name of Attached Document Listing Required Information

<2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

(2000) Price Cap Carrier Additional Documentation (Continued)

Data Collection Form

Including Rate-of-Retain Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017B> Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price

cap carrier used for capital expenditures in 2015.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)

<2020> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)

<2021> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)

<2026> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)

<2027> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

(3005) Rate Of Return Carrier Additional Documentation Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<030>	Contact Name - Person USAC should contact regarding this data	John Strobe
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strobe@RitterCommunications.com

Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)	
(3010A)	Milestone Certification (47 CFR § 54.313(f)(1)(i))	Yes - Attach Certification 290571tn3010.pdf
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information
(3012A)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))	No - No New Community Anchors
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information
(3013)	Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))	(Yes/No) <input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No) <input type="radio"/> <input checked="" type="radio"/>
(3015)	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information
(3018)	If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:	(Yes/No) <input checked="" type="radio"/> <input type="radio"/>
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:	<input checked="" type="checkbox"/>
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant	<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.	<input type="checkbox"/>
(3025)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information 290571tn3026.pdf

(3005) Rate Of Return Carrier Additional Documentation (Continued)
Data Collection Form

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July 2013

<010>	Study Area Code	290571
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<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com



- Financial Data Summary
- (3027) Revenue
 - (3028) Operating Expenses
 - (3029) Net Income
 - (3030) Telephone Plant In Service(TPIS)
 - (3031) Total Assets
 - (3032) Total Debt
 - (3033) Total Equity
 - (3034) Dividends

(4005) Rural Broadband Experiment Additional Documentation Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	290571
<015>	Study Area Name	WILLINGTON TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703162345 ext
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@InterCommunications.com

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information _____

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information _____

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information _____

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039> Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: MILLINGTON TEL CO	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/28/2016
Printed name of Authorized Officer: John Strode	
Title or position of Authorized Officer: VP External Affairs	
Telephone number of Authorized Officer: 8703362345 ext.	
Study Area Code of Reporting Carrier: 290571	Filing Due Date for this form: 07/01/2016
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039> Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent Firm:	
Signature of Authorized Agent or Employee of Agent:	Date:
Name of Authorized Agent Employee:	
Title or position of Authorized Agent or Employee of Agent:	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

CONFIDENTIAL
NOT FOR PUBLIC INSPECTION

Five-Year Network Improvement Plan Progress Report For
Millington Telephone Company, Inc.

In its *USF/ICC Transformation Order* and subsequent Orders, the Federal Communications Commission (“FCC” or “Commission”) required Eligible Telecommunications Carriers (“ETCs”) to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(ii) of the Commission’s Rules and to submit annual progress reports thereafter.¹ Millington Telephone Company, Inc. (“Millington Tel” or the “Company”) is a rate-of-return carrier ETC and hereby submits its annual progress report covering progress made during 2015 on the initial five-year network improvement plan submitted in 2014.

Pursuant to 47 C.F.R. § 54.313(a)(1), recipients should submit “[a] progress report on its five-year service quality improvement plan pursuant to § 54.202(a), including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year. The information shall be submitted at the wire center level or census block as appropriate. Accordingly, Company hereby provides the following required elements of its progress report for 2015 to satisfy Form 481 reporting obligations.

¹ See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Inter-carrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-61 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*) at Para. 587; *pets. for review denied, Direct Comm. Cedar Valley, et al v. FCC 11-161*, No. 11-9900 www.ca10.uscourts.gov/opinions/11/11-9900.pdf (10th Cir. filed May 23, 2014); see also *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 12-147 (rel. Feb. 12, 2012) at Para. 5 (amending Section 54.313(a)(1) to clarify this requirement); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Third Order on Reconsideration, FCC 12-52 (rel. May 14, 2012) at Para. 10 (changing the filing deadline for the annual reports from April 1 to July 1); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 13-332 (rel. Mar. 5, 2013) (“*March 5, 2013 Order*”) at Para.’s. 4, 6-9. Delaying Five-year Plan until July 1, 2014 see WC Docket No. 10-90, Order, DA 13-1115, Para. 8 (released May 16, 2013).

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Five-Year Plan and Progress Report
290571tn112.pdf
Page 2

A. 2015 Five-Year Plan Progress Report

The Company hereby reports that for 2015, it has made the following progress on meeting targets specified in its five-year network improvement plan and that during 2015, it has used the amount of USF, specified under Section B below, solely for which the support was intended. Details regarding the progress are contained in **Appendix A** and **Appendix B**.

Appendix A reflects the major network improvement projects for the calendar years 2015 through 2019, along with the start and completion dates, status/progress of the projects, areas and population associated with those projects, total projected capital expenditures, and the 2015 actual capital expenditures.

The first table in **Appendix B** included herein specifies the capital expenditures (projects) in **Appendix A**, by Part 32 account, for calendar year 2015. Specifically, the table shows the 2015 capital expenditures as filed July 1, 2015, the 2015 actual capital expenditures, and the difference.

In the second table of **Appendix B**, the projected operating expenses are provided for calendar year 2015, including depreciation expense for both embedded plant investment and for capital expenditures, which begins when the capital expenditures are projected to be placed into service. Specifically, the table shows the 2015 operating expenditures as filed July 1, 2015, the 2015 actual operating expenditures, and the difference.

B. The Amount of Universal Service Support Received by the Company

Millington Telephone Company, Inc. received a total of [REDACTED] in high cost universal service support ("USF") in 2015 through the following mechanisms:

- [REDACTED] for Interstate Common Line Support ("ICLS");

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Five-Year Plan and Progress Report
290571tn112.pdf
Page 3

C. How USF was Used to Improve Service Quality, Coverage and Capacity

Section 254(e) of the Communications Act of 1934, as amended requires ETCs to use Universal Service support ("USF") "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."² Essentially, under the existing rules and processes, the federal USF received by the Company and other incumbent rural telephone companies are, in fact, an integral part of the recovery of expenditures of rural incumbent local exchange carriers incurred in the provision, maintenance and upgrading of their provision of facilities and services for which the USF is intended. Accordingly, Company's progress report demonstrates how the Company has used USF not only for improvements and upgrades, but also for the provision and maintenance of the facilities and services to which the support was intended.

The Form 481 Instructions require ETCs to indicate that a company's progress report quantifies how much USF was received for its service area and that the USF is broken out separately by the amount spent on capital expenses and the amount spent on operating expenses.³ Pursuant to these instructions, the Company hereby reports that for calendar year 2015, the Company spent [REDACTED] in OpEx to improve service quality, coverage and/or capacity through the projects identified in **Appendix A**. Details regarding these expenditures can be found in **Appendix B**.

While the total amount of these expenditures exceed the amount of federal USF received in 2015, there is no correlation between these expenditures and the amount of USF that the

² 47 U.S.C. § 254(e).

³ Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), November 2015, Line 114.

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Five-Year Plan and Progress Report
290571tn112.pdf
Page 4

Company received in 2015. USF disbursement received by the Company and other rural incumbent local exchange companies is divided into three main categories: Interstate Common Line Support ("ICLS"); High Cost Loop Support ("HCLS"); and CAF-ICC Support ("CAF-ICC").

The ICLS received in 2015 was based on annual projected data submitted by the Company in March 31, 2014, which is subject to an annual true-up process based on actual data that will be submitted on December 31, 2016, for the previous calendar year (*i.e.*, 2015). Like ICLS, CAF-ICC support was also based on projected demand submitted on July 1, 2014, which is subject to an annual true-up process based on actual data submitted on July 1, 2015, for the previous tariff year (*i.e.* July 1, 2014 through June 30, 2015). Further, HCLS received by a rural LEC in 2015 was based on December 31, 2013 financials. Quarterly updates could then be based on March 31, 2014, June 30, 2014, and September 30, 2014 financials.

D. Maps Depicting the Company's Network Progress

Attached to this progress report as **Appendix C** is Company's maps depicting the extent of the Company's network within its service area and detailing progress on the specific projects contained in its five-year plan.

E. Network Improvement Targets Not Met

The following projects that were projected to be completed in 2015 were not completed as other capital projects were deemed to have a higher priority than those that were planned for 2015:

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

2905716/12.pdf

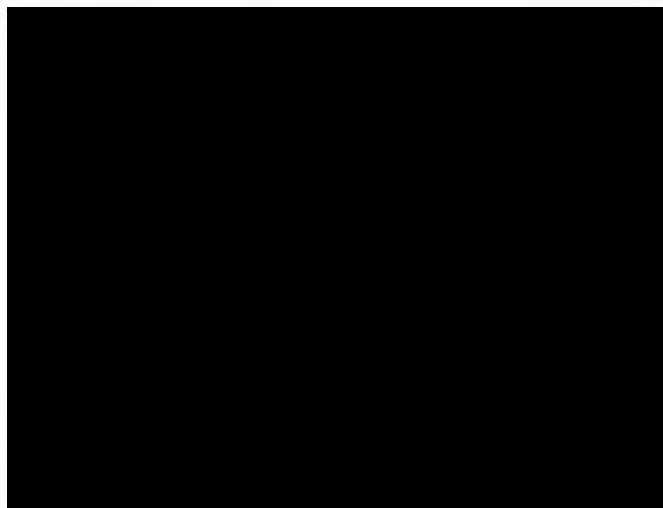
Appendix A - Progress Report on Five-Year Plan

290571
Millington Telephone Company, Inc.
John Strode
870.336.2345
John.Strode@RitterCommunications.com

Study Area Code
Study Area Name
Company Contact Name
Contact Telephone Number
Contact Email Address

PROJECT LIST FOR 2015-2019

Project	Start Date	Completion Date	Status/Progress	Areas
Building	2015	2019	In Progress	Entire Service Area
Switching Equipment	2015	2019	In Progress	Entire Service Area
Circuit Equipment	2015	2019	In Progress	Entire Service Area
Cable & Wire Facilities	2015	2019	In Progress	Entire Service Area
Totals				



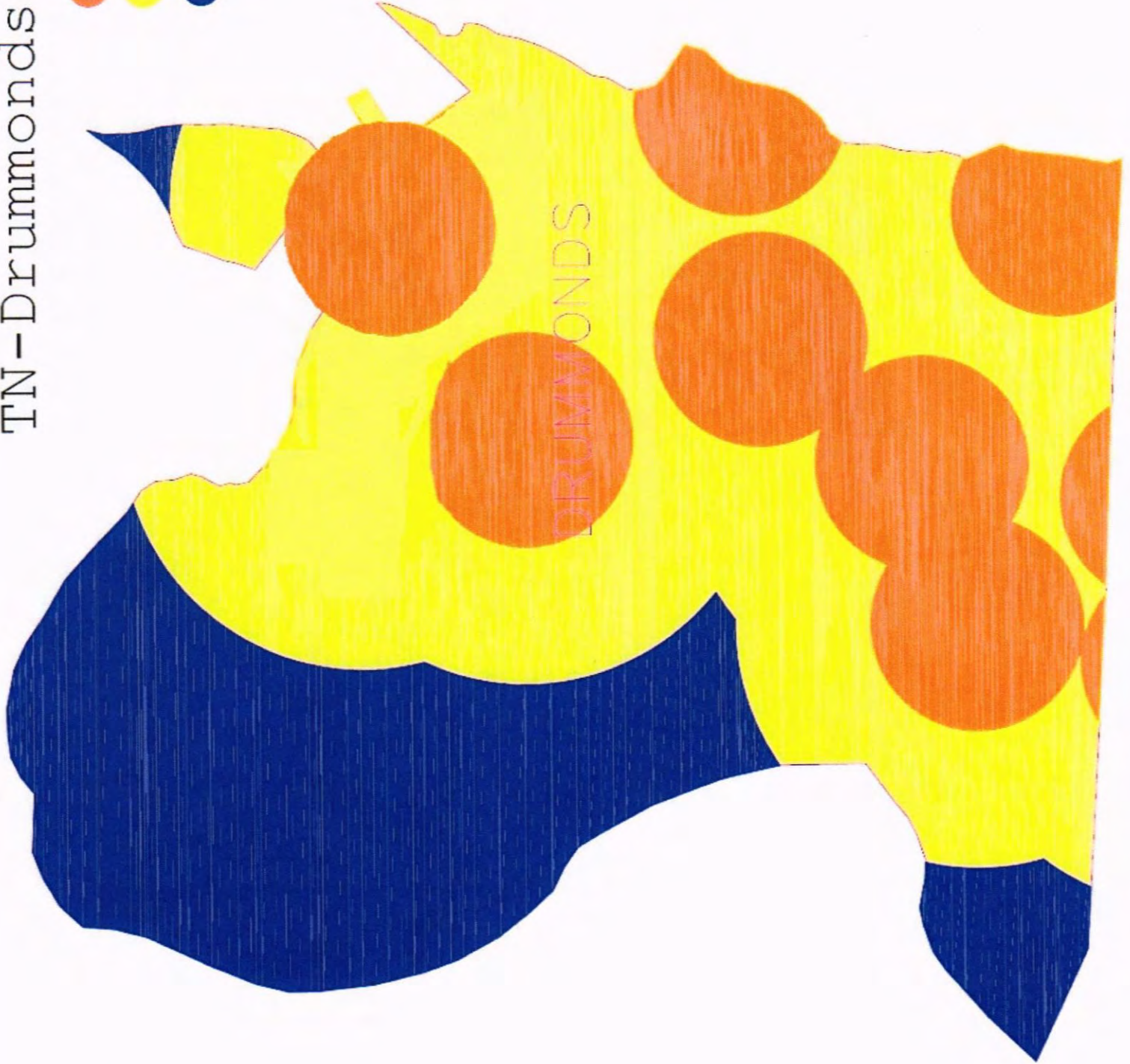
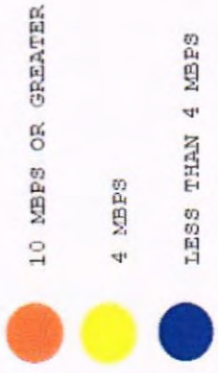
Appendix B - Progress Report on Five-Year Plan

Study Area Code	290571
Study Area Name	Millington Telephone Company, Inc.
Company Contact Name	John Strode
Contact Telephone Number	870.336.2345
Contact Email Address	John.Strode@RitterCommunications.com

Regulated Capital Ex	
Account	Description
2111 & 2121	Land & Building
2112-2114	Vehicles
2122-2124	Support Assets
2210	Switching Equipment
2232	Circuit Equipment
2410	Cable & Wire Facilities
1220	Materials & Supplies
	Total Capital Expenditures

Regulated Operati	
Account	Operating Expenses
6110-6120	General Support Maintenance
6210	Switching Maintenance
6230	COE Transmission Maintenance
6410	Cable & Wire Facilities
6530	Non-Specific (Testing, Plant Op., Engineering)
6561-2110	General Support Depreciation
6561-2210	Switching Depreciation
6561-2230	Circuit Equip Depreciation
6561-2410	Cable & Wire Depreciation
6610-6620	Customer Operations
6711-6720	Corporate Operations
7240	Ad Valorem Expense
	Total Operating Expenses

TN-Drummonds Exchange

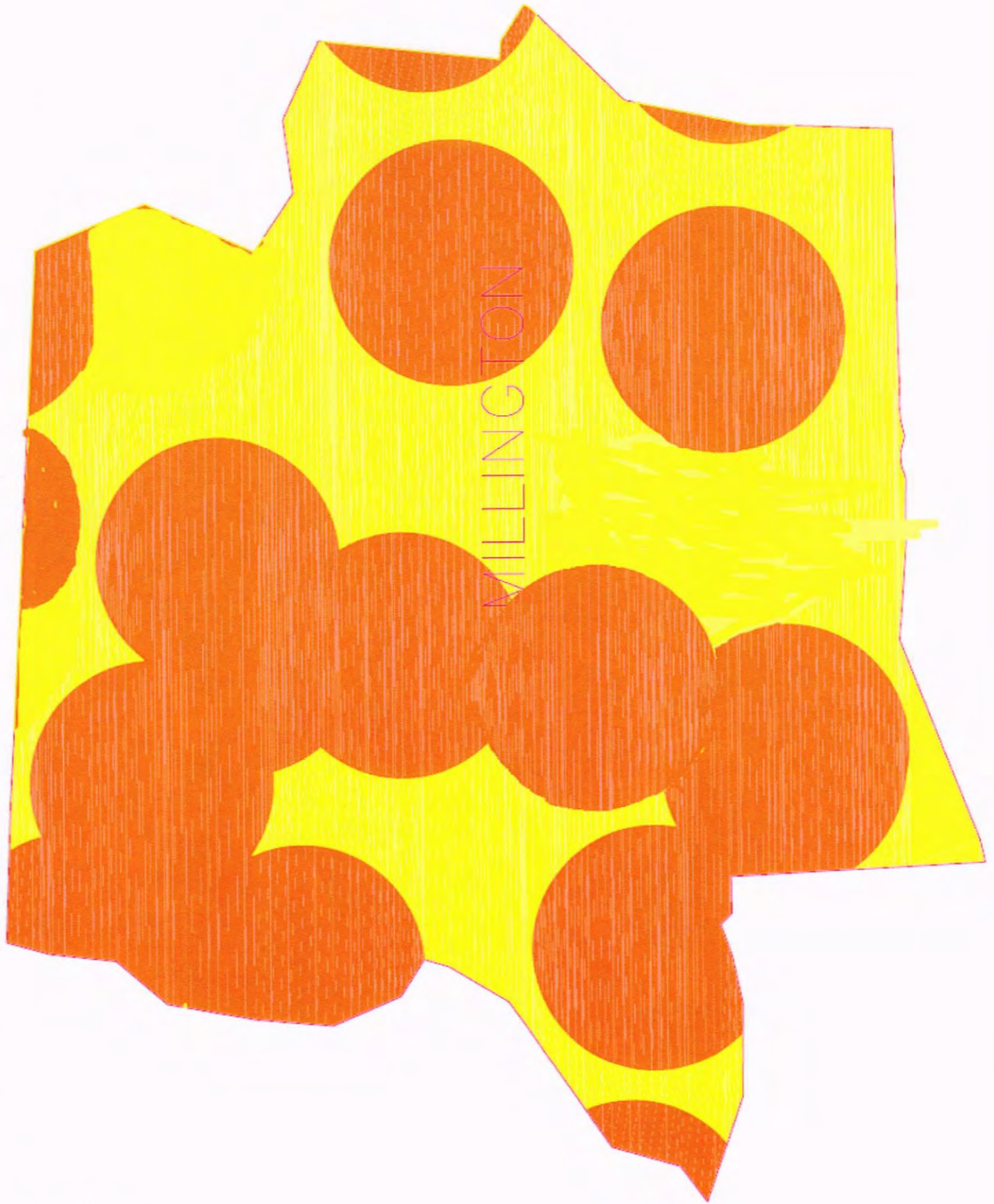


-Millington Exchange

0 MBPS OR GREATER

1 MBPS

LESS THAN 4 MBPS



TN-Munford Exchange

- 10 MBPS OR GREATER
- 4 MBPS
- LESS THAN 4 MBPS



'N-Rosemark Exchange

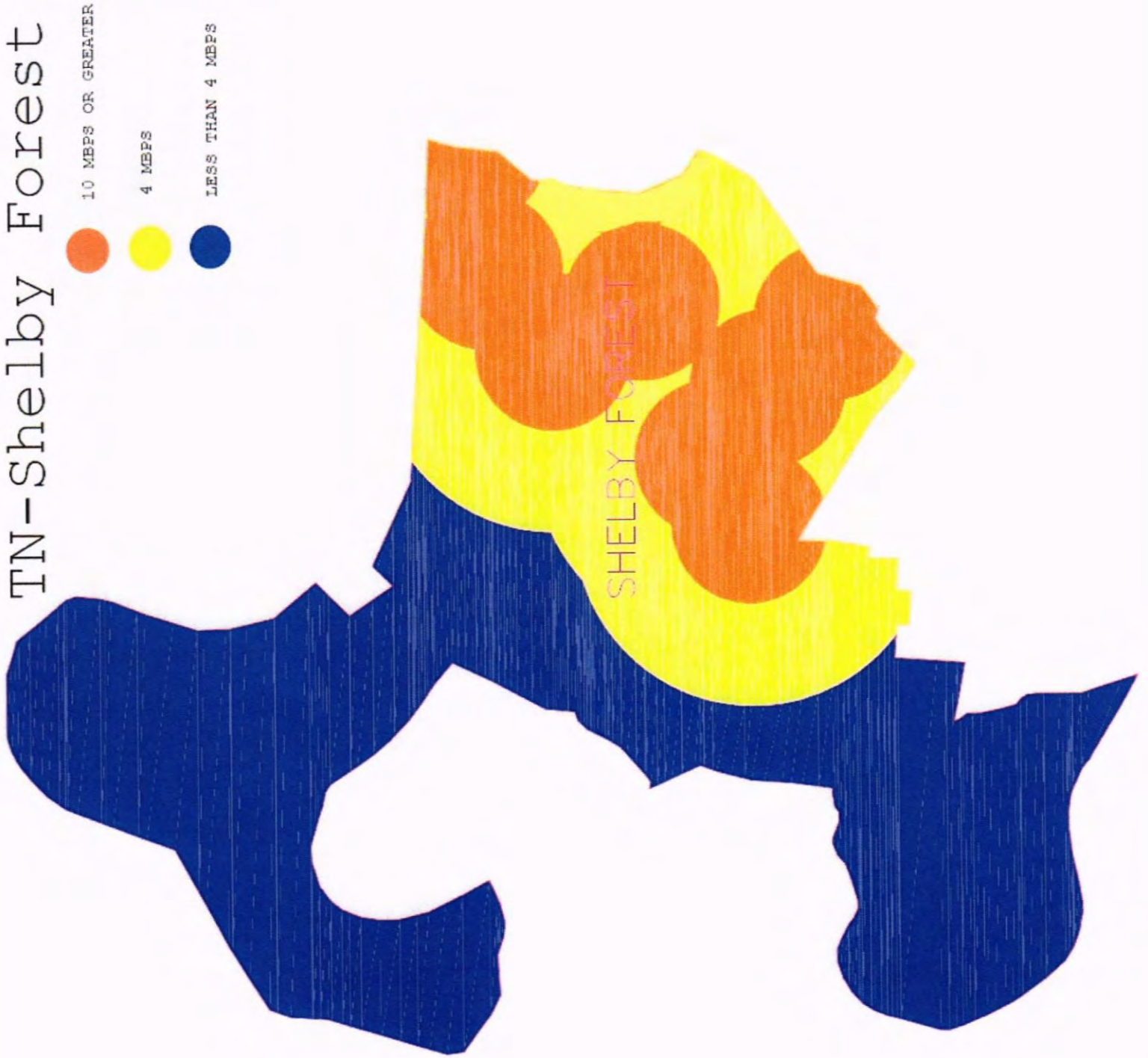
10 MBPS OR GREATER

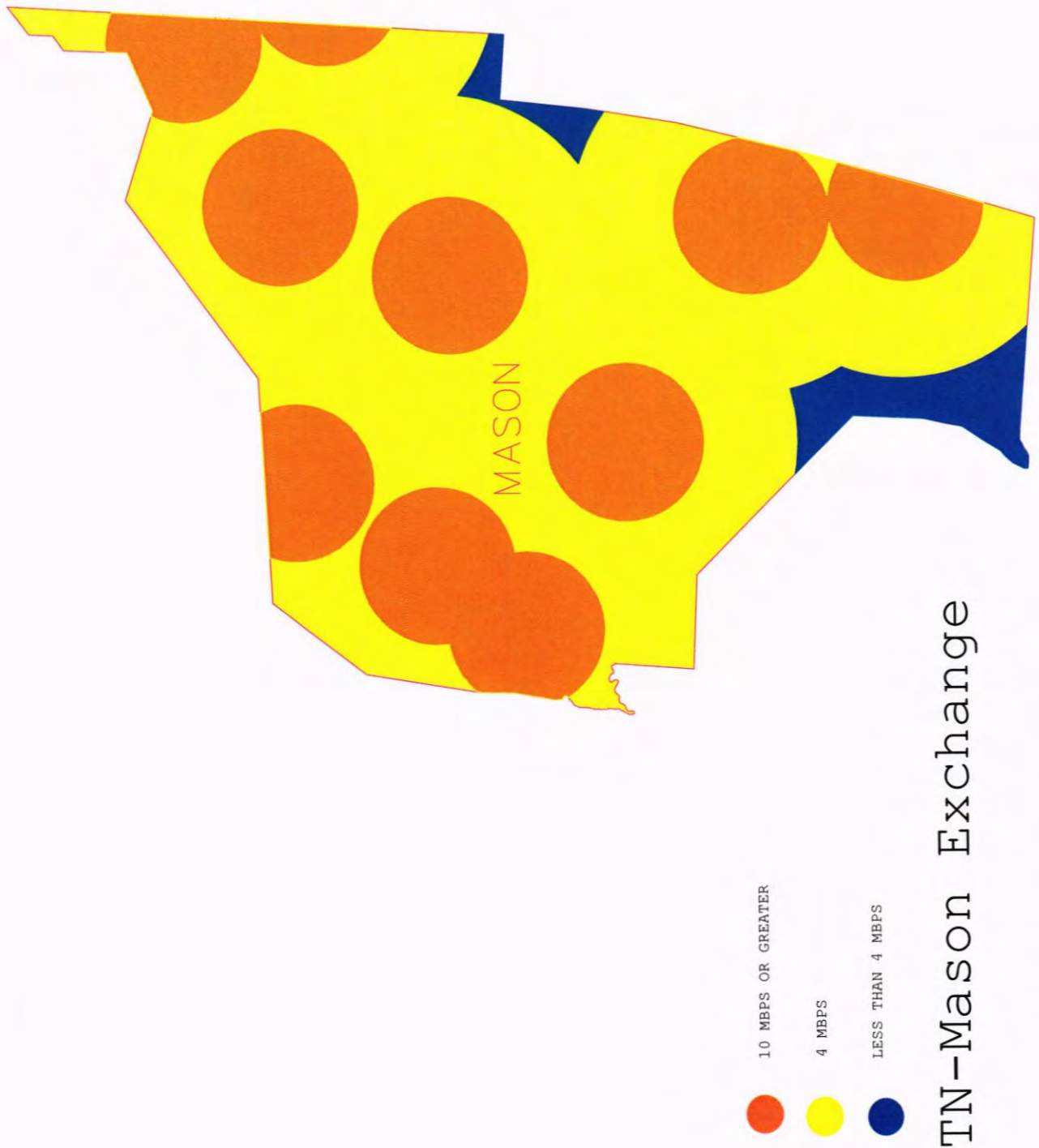
4 MBPS

LESS THAN 4 MBPS



TN-Shelby Forest Excha







Yes

<210> For the prior calendar year, were there any reportable voice service outages?

 $\langle 220 \rangle$ [illegible]

Millington Telephone Company

FCC 481 290571tn510

In establishing this certification in its *2005 ETC Order*,¹ the FCC found that an ETC must make “a specific commitment to objective measures to protect consumers.”² The Commission found that for wireless ETCs, compliance with CTIA’s Consumer Code for Wireless Service would satisfy this requirement” and that the sufficiency of other commitments would be considered on a case-by-case basis.³ In this context, the FCC stated, “to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law. Compliance with such laws may meet our requirement.”⁴

Millington Telephone Company, Inc. (“Company”) hereby certifies that it is complying with applicable service quality standards and consumer protection rules. The Company is subject to consumer protection obligations under state law. These obligations include, but are not limited to, the following:

(1) filing a Local Exchange Tariff pursuant to the requirements of the Tennessee Regulatory Authority (TRA) which disclose rates, terms and conditions of service to customers;

(2) consumer protection requirements governing telephone providers which require adherence to TRA’s Regulations Governing Service supplied by Telephone Utilities set forth in Chapter 1220-4-2 Regulations for Telephone Companies. The basic

¹ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“*2005 ETC Order*”).

² *Id.* at para. 28.

³ *Id.* The FCC noted that under the CTIA Consumer Code, wireless carriers agree to: “(1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy.” *Id.* at n. 71.

⁴ *Id.* at n. 72.

Millington Telephone Company

FCC 481 290571tn510

utility obligations include: (a) Each telephone utility shall provide telephone service to the public in its service area. (b) Each telephone utility has the obligation of continually reviewing its operations to assure the furnishing of adequate service.

(3) Where a telephone utility is generally operated in conjunction with any other enterprise, suitable records shall be maintained so that the results of the of the telephone operation may be determined upon reasonable notice and request by the Authority

(4) Business offices shall be so located and staffed that customers and the public will have convenient access to qualified personnel, including supervisory personnel where warranted, to answer questions relating to services and rates, accept and process applications for service, explain charges on customers' bills, adjust charges made in error and in general, represent the utility to the customer.

(a) Where one business office serves several communities toll-free calling to the business office from such communities shall be provided. By means of directory information or assistance, signs on company buildings and property, newspaper advertising or other methods necessary, the utility shall keep its customers and the public advised as to means of contacting the business office.

(b) Business office services will be available to the customers and the public during the normal hours of the normal work week, excluding holidays and at such other times as may be warranted by circumstances.

(c) It will be the responsibility of the utility to insure that qualified personnel, instructed to be courteous, considerate and efficient, are available to promptly serve those who contact the business office.

Millington Telephone Company

FCC 481 290571tn510

(d) The utility shall inform the customer of any service connection charge to be applied to his bill and the monthly charge for the service ordered, with the exception of business customers not requiring this information, prior to undertaking any action to furnish the service ordered. To customers inquiring about new service, the utility shall provide any information and assistance necessary to obtain service conforming to the customer's needs.

Customer billing guidelines are set forth in TRA regulation 1220-4-2-.10 include:

(1) Bills to customers shall be rendered regularly and shall contain a listing of all charges. Utilities shall comply with reasonable customer requests for an itemized statement of charges.

(2) In the event the customer's service is interrupted other than by negligence or willful act of the customer and it remains out of order in excess of twenty-four (24) hours after being reported, appropriate adjustments or refunds shall be made to the customer, upon the customer's request. The refund to the customer shall be the pro rata part of the month's charge for the period of days and that portion of the service and facilities rendered useless or inoperative. The refund may be accomplished by a credit on the subsequent bill for telephone service.

(3) A bill insert should be included in the first bill after the effective date of this rule informing the customer of his/her refund option. When new phone books are printed the Call-Guide will contain a customer refund section

Millington Telephone Company

FCC 481 290571tn510

TRA customer complaints are handled pursuant to TRA guidelines included in 1220-4-1-.13 and include:

(a) A full and prompt investigation of all types of complaints made by its customers

(b) If the use of service interferes unreasonably with the necessary use of the other customers, a customer may be required to take insufficient quantity of different class or grade

(c) Each telephone utility shall within (10) working days, after receipt of a complaint forwarded by the Authority, file a written reply with the Authority.

In addition, the Company is subject to consumer protection obligations under state law relating to truth-in-billing requirements, CPNI, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy.

MILLINGTON TELEPHONE CO., INC.

290571tn610.docx

Millington Telephone Co., Inc. (The Company), hereby certifies that it is able to function in emergency situations as set forth in §54.202(a)(2).¹ The Company's network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2). The Company can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations will also allow the Company to manage traffic spikes throughout its network, as emergency situations require.

Specifically, each central office building is supplied with standby generators and battery back-up that enable the central office to keep running until power is restored so long as fuel is available, or until system changes are made to reroute traffic. The Company has battery backup at all office locations and in its electronic equipment sites. Length of run time is determined by the equipment serving the area and the number of customers working out of the equipment. Generators are installed at all Central Office locations. They will continue to run as long as the Company has access to propane.

¹ Section 54.202(a)(2) requires ETCs that are designated by the Commission to "demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations."

MILLINGTON TELEPHONE CO., INC.

290571tn610.pdf

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¹ Section 54.202(a)(2) requires ETCs that are designated by the Commission to "demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations."

1/1/2016

	Residential Local Service Charge Effective Date
<701>	Single State-wide Residential Local Service Charge
<702>	

[illegible]

FCC Form 481
OMB Control No. 3060-0985/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

[illegible]

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

[illegible]

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@BitterCommunications.com

[illegible]

<010>	Study Area Code
-------	-----------------

290571

<015>	Study Area Name
-------	-----------------

MILLINGTON TEL CO

<020>	Program Year
-------	--------------

2017

<030> Contact Name - Person USAC should contact regarding this data

John Strobe

<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
-------	---	-----------------

8703362345 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> John.Strode@RitterCommunications.com

John.Strode@RitterCommunications.com

<810>	Reporting Carrier	Millington Tel Co
-------	-------------------	-------------------

Millington Tel Co

<811>	Holding Company
-------	-----------------

E. Ritter Communications Holdings, Inc.

<812>	Operating Company
-------	-------------------

Millington Tel Co

<813>

<a1>

<a2>

<a3>

Affiliates

Doing Business As Company or Brand Designation

Ritter Telephone Co., Inc.

401722

Ritter Communications

Tri-County Telephone Co., Inc.

401726

Ritter Communications

290571tn1010

Name: Millington Telephone Company, Inc.

SAC: 290571

SPIN: 143001634

LINE 1010 – VOICE SERVICE RATE COMPARABILITY

Millington Telephone Company, Inc.'s fixed voice service is [REDACTED] which is below the urban floor rate of \$21.93. Therefore, Millington Telephone Company, Inc.'s fixed voice service is not more than two standard deviations above the national average.

[illegible]

290571tn1210

MILLINGTON TELEPHONE COMPANY INC
GENERAL EXCHANGE TARIFF

MISCELLANEOUS SUPPORT PROGRAMS

TRA No. 1
Section 8
Original Page 11

8.3 Link-Up Tennessee

A. General

Link-up Tennessee is offered in all exchanges to provide subsidized assistance to qualifying applicants. It is intended to preserve and promote subscribership among low income households by providing a credit to the installation and connection charge applicable to the provisioning of residence service.

B. Regulations

1. Persons wishing to qualify for the credit must meet state certification criteria for eligibility. This credit is available only to residence customers, and will be applied to the non-recurring charges for the establishment of service for a single telephone line per household, at the principle place of residence.
2. The subscriber must not be a dependent for federal income tax purposes, unless the subscriber is more than sixty (60) years of age.
3. The subscriber must meet the requirements of a state established income test.

C. Rates and Charges

A non-recurring credit in the amount of one-half (maximum of \$30.00) of the installation and connection charges will be applied to the subscribers total non-recurring installation and connection charge.

8.4 In-Class Room Computer Access

A. General

With the exception of the monthly rates for In-Classroom Computer Access Service, Millington Telephone Co., Inc concurs in the rules, regulations, and connection charges governing the provision of this service (See BellSouth General Subscriber Tariff, Section A3.32, Pages 77 and 78). This shall include all free public libraries in any city, county, or town.

B. Regulations

This service is for computer access only. It does not replace administrative business lines. Recurring charge includes touch tone conditioning. It does not include the FCC End User Charge or E-911 charges. These charges will be added to the monthly rate.

C. Rates and Charges

Monthly rate for this service shall be: \$17.00

Moved from Section 4, 5th Revised Page 5 and 2nd Revised Page 6

ISSUED: November 18, 1999

EFFECTIVE: January 3, 2000

W. S. HOWARD, President

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290571tn1210

MILLINGTON TELEPHONE COMPANY INC
GENERAL EXCHANGE TARIFF

MISCELLANEOUS SUPPORT PROGRAMS

TRA No. 1

Section 8

3rd Revised Page 12

Cancels 2nd Revised Page 12

8.5 Life Line Assistance Program

A. General

The LifeLine Assistance Program was designed to make telephone service available to eligible residential subscribers. The discounts apply to monthly recurring rates and qualifying residential customers. Discounts are applied to existing tariffed rates and charges for residential telephone service.

B. Regulations

1. LifeLine Service is available only with residential service, excluding foreign exchange service.
2. LifeLine Service is limited to one line per household at the customer's primary residence.
3. The federal and state credits are applied to the Local Service bills for qualified residential recipients of aid to Families with Dependent Children (AFDC) Supplemental Security Income (SSI), Food Stamps, Medicaid or to customer's with household total gross annual income at or below 125% of the federal poverty level.
4. Applications for this service will be verified with the state agency responsible for administration of the programs mentioned in the preceding No. 3.
5. The company will process all applications and apply the appropriate credit on the customer's monthly bill.
6. Customers of LifeLine Service must notify the Company of any changes that would affect qualification. Verification of eligibility will take place initially and at a minimum annually each year of service thereafter. When the customer is no longer eligible for LifeLine Service, the discount will be discontinued and regular tariff rates and charges would apply.
7. DDD Toll Restriction is offered at no charge to LifeLine customers. No deposit is required from a LifeLine customer if DDD Toll Restriction is added to their line.

C. Rates and Charges

Monthly Credit (maximum of one line per qualified customer)

1. A discount of **\$10.00** will be given as a Federal LifeLine Service credit, plus a state credit of \$3.50 for a total of **\$13.50** each month.
2. Non-recurring charges are the same as Link-Up Tennessee. See Section 8.3, Original Page 11.

C
C

ISSUED: December 4, 2003

EFFECTIVE: July 1, 2003

W. S. HOWARD, President

290571tn3010.pdf

Millington Telephone Co., Inc. (SAC 401722)

Response to Line 3010 – Milestone Certification (47 CFR §54.313(f)(1)(i))

Millington Telephone Co., Inc. hereby certifies that throughout 2015, it took reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas and that requests for such service are met within a reasonable amount of time. If a request for broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream is unreasonable, and offering broadband service at actual speeds of at least 4 Mbps downstream/1 Mbps upstream is reasonable, the Company offers broadband service at actual speeds of at least 4 Mbps downstream/1 Mbps upstream.



E. RITTER COMMUNICATIONS HOLDINGS, INC.

Consolidated Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)



KPMG LLP
Triad Centre III
Suite 450
6070 Poplar Avenue
Memphis, TN 38119-3901

Independent Auditors' Report

Board of Directors and Shareholder
E. Ritter Communications Holdings, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of E. Ritter Communications Holdings, Inc. and subsidiaries, which comprise the balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations and retained earnings, comprehensive income and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of E. Ritter Communications Holdings, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

March 31, 2016

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Consolidated Balance Sheets

December 31, 2015 and 2014

Assets	2015	2014
Current assets:		
Cash and cash equivalents		
Accounts receivable, net		
Inventories		
Deferred income taxes		
Repurchase agreement		
Due from affiliates		
Other		
Total current assets		
Noncurrent assets:		
Investments		
Goodwill		
Other intangible assets		
Total noncurrent assets		
Property, plant and equipment – net		
 Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable		
Due to affiliates		
Income taxes payable to E. Ritter & Company		
Current maturities of capital lease obligations		
Current maturities of long-term debt		
Advance billings		
Other		
Total current liabilities		
Long-term liabilities:		
Capital lease obligations		
Long-term debt		
Deferred income taxes		
Advance billings		
Other		
Total long-term liabilities		
Stockholder's equity:		
Common stock, \$0.01 authorized and issued		
Additional paid-in capital		
Retained earnings		
Accumulated other comprehensive loss		
Total stockholder's equity		

See accompanying notes to consolidated financial statements.

E. RITTER COMMUNICATIONS HOLDINGS, INC.
Consolidated Statements of Operations and Retained Earnings
Years ended December 31, 2015 and 2014

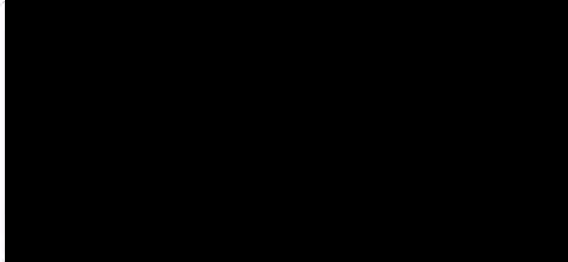
	<u>2015</u>	<u>2014</u>
Revenue:		
Communications revenue		
Management services to related parties		
Other		
Total operating revenue		
Cost of sales		
Gross profit		
Operating expenses:		
Operating expenses		
Depreciation and amortization		
Management services from related parties		
Total operating expenses		
Operating income		
Other income (expense):		
Gain (loss) on sale of assets		
Interest income		
Interest expense		
Other		
Total other income (expense), net		
Income before income taxes		
Provision for income taxes		
Net income		
Retained earnings:		
Beginning of year		
Dividends		
End of year		

See accompanying notes to consolidated financial statements.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Consolidated Statements of Comprehensive Income

Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Net income		
Other comprehensive income (loss), net of tax:		
Unrealized holding gains (losses) arising during period		
Unrealized loss on interest rate swap		
Other comprehensive income (loss)		
Comprehensive income		

See accompanying notes to consolidated financial statements.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Consolidated Statements of Cash Flows
 Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash operating activities:		
Depreciation and amortization		
Deferred income taxes		
Uncollectible operating revenues		
Gain on sale of investments		
Loss (gain) on sale of assets		
Loss on debt refinance		
Share-based compensation		
Changes in assets and liabilities:		
Accounts receivable		
Inventories		
Other assets		
Accounts payable and due to/from affiliates		
Income taxes		
Advanced billings		
Other liabilities		
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of investments		
Proceeds from sale of investments		
Change in repurchase agreement		
Proceeds from sale of property, plant and equipment		
Additions to intangibles		
Additions to property, plant and equipment		
Net cash used in investing activities		
Cash flows from financing activities:		
Payment of dividends		
Payment of capital lease obligations		
Proceeds from long-term debt		
Payments on long-term debt		
Loan costs		
Net cash provided by (used in) financing activities		
Net decrease in cash and cash equivalents		
Cash and cash equivalents:		
Beginning of year		
End of year		
Supplemental cash flow disclosures:		
Interest paid, net of capitalized interest		
Income taxes paid (refunded)		

See accompanying notes to consolidated financial statements.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

E. Ritter Communications Holdings, Inc. (RCH or the Company) is a wholly owned subsidiary of E. Ritter & Company (ERC or the Parent).

(b) Communications (Regulated)

The Company, through its wholly owned subsidiaries, E. Ritter Telephone Company (RTC) in Marked Tree, Arkansas (with [REDACTED] access lines in service at December 31, 2015 and 2014, respectively), Tri-County Telephone Company, Inc. (TCT) in Everton, Arkansas (with [REDACTED] access lines in service at December 31, 2015 and 2014, respectively) and Millington Telephone Company, Inc. (MTC) in Millington, Tennessee (with [REDACTED] access lines in service at December 31, 2015 and 2014, respectively) provides local service, network access, long-distance and other communications products and services to businesses and individuals in portions of Northeastern Arkansas and Newton, Boone, Carroll, and Searcy Counties in Northwest Arkansas and portions of Fayette, Haywood, Shelby and Tipton counties in West Tennessee.

The Company's telephone operations at RTC, TCT and MTC are regulated in nature and their telephone accounting records are maintained in accordance with the rules and regulations of the Arkansas Public Services Commission (APSC) for RTC and TCT and the Tennessee Regulatory Authority (TRA) for MTC, which substantially adhere to the rules and regulations of the Federal Communications Commission. The Company's regulated operations are subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 980, *Regulated Operations*. The Company's regulated operations are subject to the provisions of regulatory accounting under which actions by regulators can provide reasonable assurance of the realization of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the consolidated balance sheets of an entity subject to regulatory accounting.

(c) Communications (Non-Regulated)

The Company, through its wholly owned nonregulated subsidiaries, generates revenue from nonregulated communications activities by (1) providing long-distance telephone services, (2) providing local and high speed data service to business customers, (3) providing cable television services, (4) providing residential high speed data service, (5) selling and leasing nonregulated equipment through the regulated telephone companies and (6) selling and leasing telephone equipment to businesses.

(d) Consolidation

These statements present the consolidated financial information of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in the consolidated financial statements, excluding transactions with the Company's regulated entities. The Company's regulated entities have the ability to recover a portion of their costs through the regulatory process and the Company's transactions with these regulated entities have not been eliminated due to the application of regulatory accounting at these entities.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(e) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements. Actual results realized may differ from these estimates.

(f) Cash and Cash Equivalents

The Company considers all highly liquid short-term investments purchased with a maturity of three months or less to be cash equivalents.

(g) Accounts Receivable

Accounts receivable are stated at the historical carrying amounts, net of write-offs and allowances for doubtful accounts. The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the Company's receivables determined on the basis of historical experience, market conditions, current trends and any specifically identified customer collection issues. Uncollectible accounts are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when the Company has determined that collection of the balance is unlikely. At December 31, 2015 and 2014, the Company had allowances recorded of [REDACTED] [REDACTED].

(h) Investments

The Company's investments primarily consist of stocks for which there is no ready market, which are stated at cost.

(i) Inventories

Inventories are valued at the lower of cost (determined using average cost method) or market, except for copper wire and fiber optic cable inventories, which are valued at the lower of cost (determined using specific-identification method) or market.

(j) Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets (including separately recognized intangible assets) acquired. Goodwill and other intangible assets with indefinite lives are not amortized but are reviewed at least annually for impairment. Management reviews the estimated fair market value to determine whether it's more likely than not that the fair value of a reporting unit is less than its carrying amount. This review considers the macroeconomic conditions in the industry, the market considerations of the business unit, cost factors and the overall financial performance of the business unit. Based on this review, no impairment charges have been recorded. Intangible assets that have finite lives are amortized over their estimated useful lives.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(k) *Property, Plant and Equipment*

Property, plant and equipment are stated at original cost, including general overhead capitalized and an allowance for funds used during construction. For financial reporting purposes, the Company provides for depreciation using straight-line composite rates over the estimated useful lives of the assets for nonregulated property and mass asset accounting for regulated property.

When regulated property is retired, the original cost, net of salvage, is charged against accumulated depreciation; no gain or loss is recognized on the disposition of this plant. When nonregulated property is retired, the cost of the property and the related accumulated depreciation are removed from the consolidated balance sheets, and any gain or loss on the transaction is recorded. The cost of maintenance and repairs, including the cost of replacing minor items not affecting substantial betterments, is charged to maintenance expense as incurred.

(l) *Long-Lived Assets*

The Company reviews the carrying value of its long-lived assets, other than intangible assets with indefinite lives, for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors.

(m) *Derivative Instruments and Hedging Activities*

The Company seeks to manage interest cost using both fixed rate and variable rate debt. To manage this risk in a cost efficient manner, the Company may enter into interest rate swaps in which it agrees to exchange with a counterparty, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Change in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income until such time that the loss or gain on the hedged item is recognized.

In 2015, the Company adopted FASB Accounting Standards Update (ASU) 2014-03 – *Derivatives and Hedging* (Topic 815): *Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps – Simplified Hedge Accounting Approach*, which allowed the Company to follow a simplified approach to identify if the interest rate swaps qualified as cash flow hedges. The adoption of this standard in 2015 did not have a material impact on the Company's consolidated financial statements.

(n) *Income Taxes*

Income taxes are accounted for using the asset and liability method. Deferred taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The Company is included with its Parent in filing consolidated federal and state tax returns. Income tax expense is calculated on a separate return computational basis.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

The Company recognizes tax positions that are more likely than not to be sustained. The Company has determined that it does not have any significant unrecognized tax benefits as of December 31, 2015 and 2014. Years ending on or after December 31, 2012 remain subject to examination by federal and state authorities.

(o) Share-Based Payments

The Company has a share-based employee compensation plan, consisting of liability classified stock appreciation rights, which is described more fully in note 12. Compensation cost is recognized for stock appreciation rights using an intrinsic value-based method over the requisite service period.

(p) Revenue Recognition – Network Access and Long-Distance Settlements

Revenues are recognized when earned and are primarily derived from usage of RTC's, TCT's and MTC's local exchange networks and facilities. RTC, TCT and MTC accrue unbilled revenues earned from the date of the customers' last billing to the end of the accounting period. Certain toll and access service revenues are estimated under cost separation procedures that base revenues on current operating costs and investments in facilities to provide such services. Long-distance revenues (resale) are recorded for amounts billed to customers and reimbursements to interexchange carriers for providing these nonregulated services are recorded as a component of cost of sales.

RTC, TCT and MTC also participate in revenue pooling arrangements with other local service providers. Such pools were funded by local interexchange carriers and other providers of telecommunications services. Settlements with these revenue-pooling arrangements are subject to retroactive adjustments from the pool members. The impacts of these adjustments are recorded in the period in which they are reported to the applicable pool administrator. During 2015 and 2014, the Company recorded out-of-period pooling adjustments of \$263,131 (increase to earnings) and \$2,749 (increase to earnings), respectively, in network access revenue.

(q) Revenue Recognition – Cable

Cable revenues are principally derived from subscriber fees for Ritter Cable Corporation's (RCC), TCT's and Millington CATV, Inc.'s (MCATV) video and high-speed Internet and are recognized as revenues as the services are provided. Under terms of the franchise agreements, RCC, TCT and MCATV are required to pay up to 5% of the gross revenues earned from providing cable services within the local franchise areas. These fees are normally passed through to cable subscribers and are not classified as part of revenues.

(r) Comprehensive Income

Comprehensive income is defined as the change in equity during a period related to transactions and other events and circumstances from nonowner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The difference between net income and comprehensive income is attributable to the adjustments to the fair value of interest rate swap (net of taxes) and the unrealized gains and losses (net of taxes) related to investment in securities.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(s) Subsequent Events

The Company has evaluated the effect subsequent events would have on the consolidated financial statements through March 31, 2016, which was the date the consolidated financial statements were available to be issued.

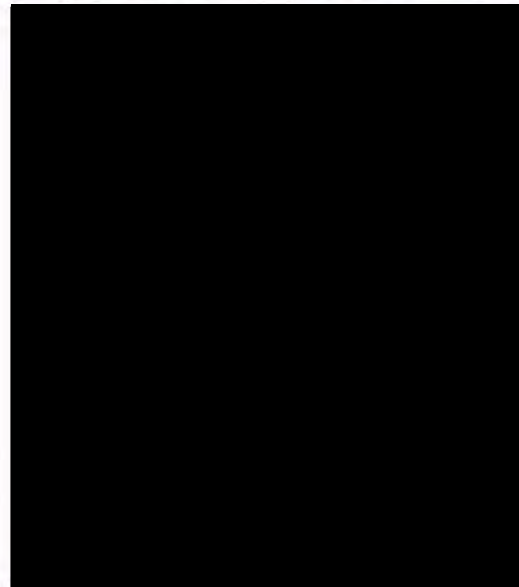
(2) Inventories

Inventories at December 31 consist of the following:

Regulated
Nonregulated

2015

2014



(3) Investments

Investments at December 31 consist of the following:

Stocks carried at cost:

CoBank Stock () and allocated equity
RTFC stock and allocated equity
NECA Services, Inc ()
Associated Network Partners, Inc ()
Rasornet, Inc.

(4) Fair Values of Assets and Liabilities

The Company has estimated the fair value of its financial instruments using available market information or other appropriate valuation methodologies. Considerable judgment, however, is required in interpreting market data to develop certain estimates of fair value. Accordingly, certain estimates are not necessarily indicative of the amounts that the Company would realize in a current market exchange.

The carrying value of cash and cash equivalents, accounts receivable, repurchase agreement, accounts payable and due to/from affiliates approximates fair value because of the short maturity of those instruments. The fair value of the Company's debt is based on discounted cash flow analysis using the Company's incremental borrowing rate for similar types of borrowing arrangements and was approximately () at December 31, 2015 and 2014, respectively.

The FASB's standard for fair value accounting applies when entities are required to use fair values for a particular instrument or for which they have chosen to use fair values. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assumptions, or inputs, that market participants would use in pricing

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

the asset or liability are used in valuation techniques to measure fair value. Inputs may be observable or unobservable and are prioritized into three broad levels: Quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) and significant unobservable inputs (Level 3). These levels aim to reflect the amount of precision implicit in the valuation of a financial asset or liability.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis:

	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Assets				
Liabilities:				
Interest rate swap				
Assets				
Liabilities:				
Interest rate swap				

The determination of the fair value above incorporates various factors required including the credit standing and nonperformance risk of counterparties involved. The swap value is determined by CoBank based on interest rates on the balance sheet date and is included in other long-term liabilities at December 31, 2015. Management assessed both the credit and nonperformance risks and has determined them to be insignificant.

(5) Goodwill and Other Intangible Assets

The Company has recognized franchise rights, customer relationships, goodwill and other intangible assets in connection with its acquisitions.

The Company's cable systems are operated under nonexclusive franchises that are granted by state or local governmental authorities for varying lengths of time. The Company assessed the expected useful life of each of its cable franchises and concluded that they have an indefinite useful life and, therefore, are not subject to amortization but instead are tested for impairment at least annually.

Customer relationships are deemed to have a finite useful life of three to ten years and are amortized on a basis which is materially consistent with the proportion of cash flows expected to be generated from their use. Noncompete agreements and other finite-lived intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets. The Company evaluates the useful lives of its finite-lived intangible assets annually to determine whether events or circumstances indicate the need to revise the estimates of useful lives.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Goodwill and other intangible assets at December 31 consist of the following:

	Life (years)	2015		2014	
		Cost	Accumulated amortization	Cost	Accumulated amortization
Goodwill					
Franchise rights					
Noncompete agreements					
Customer relationships					
Other					
Less accumulated amortization					
Intangibles, net					
Amortization of intangible assets					
Future amortization of intangible assets					
	2016				
	2017				
	2018				
	2019				
	2020				
	Thereafter				

(6) Property, Plant and Equipment

Property, plant and equipment at December 31 consist of the following:

	Estimated useful lives	2015	2014
Land			
Buildings			
Equipment			
Plant under construction			
Less accumulated depreciation			

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Depreciation expense was [REDACTED] for 2015 and 2014, respectively. The Company periodically evaluates the depreciable lives of its property, plant and equipment and makes adjustments to its depreciation rates accordingly.

Recorded assets subject to capital lease arrangements are not material.

(7) Long-Term Debt

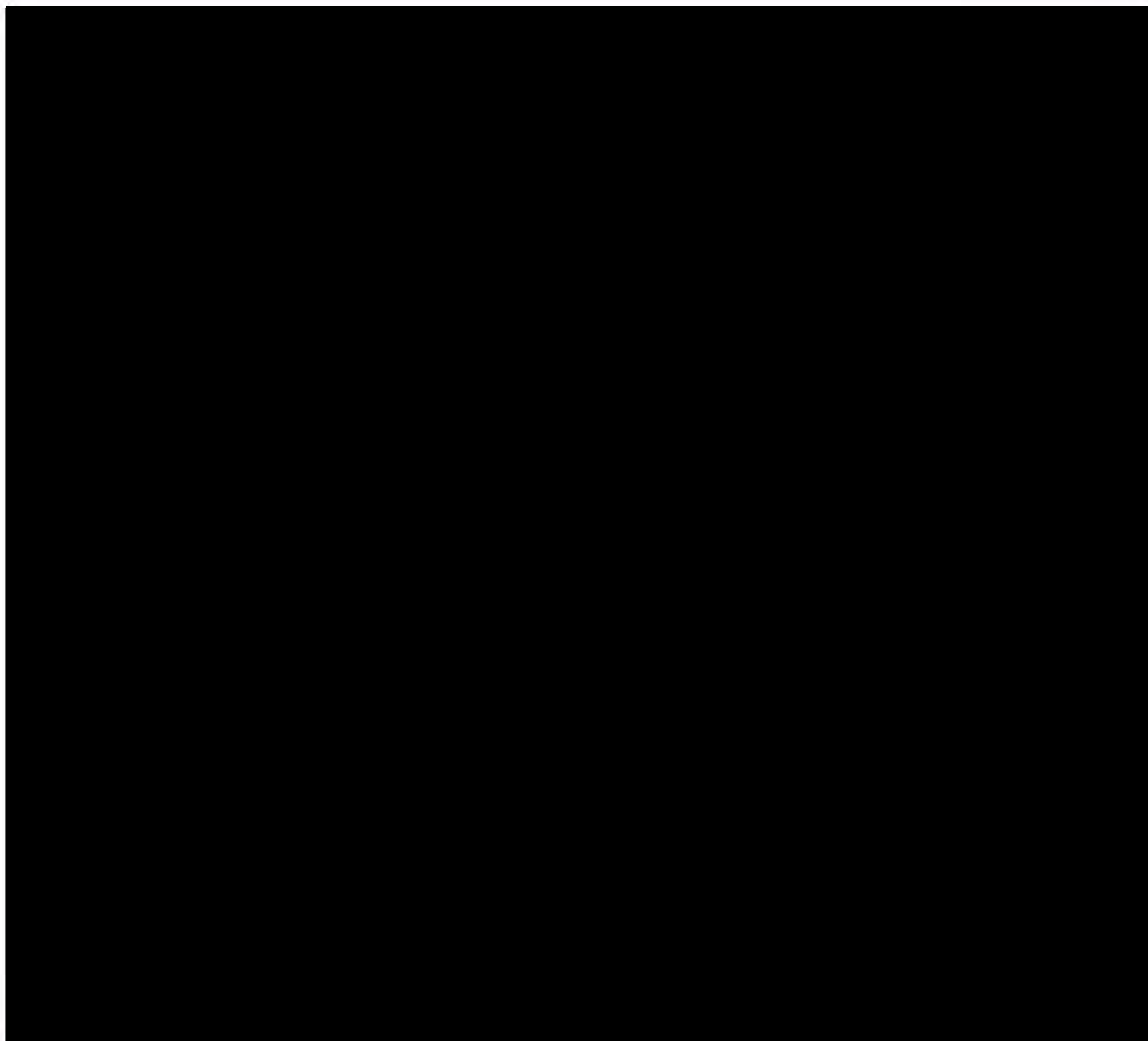
Long-term debt at December 31 is summarized as follows:

	<u>2015</u>	<u>2014</u>
[REDACTED]		

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

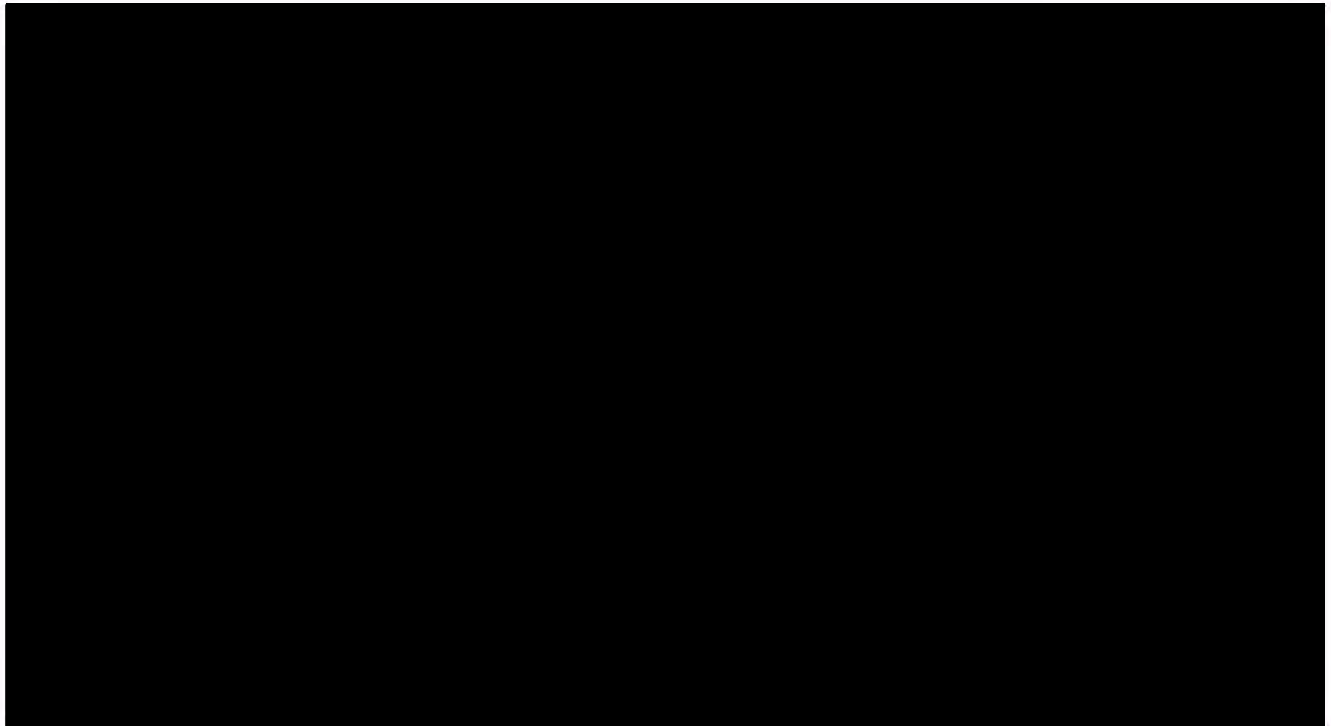
December 31, 2015 and 2014



E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014



(8) Income Taxes

The components of the provision for income taxes are summarized as follows:

	<u>2015</u>	<u>2014</u>
Current:		
Federal		
State		
Deferred:		
Federal		
State		

A large rectangular black box redacting the data cells of the income tax table, covering the years 2015 and 2014 for all categories listed.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

The differences between the federal statutory rate and the Company's effective tax rate are:

	<u>2015</u>	<u>2014</u>
Federal taxes at the statutory rate		
State income tax – net of federal benefit		
Nondeductible penalties and other		

The tax effects of temporary differences that give rise to significant deferred income tax assets and liabilities at December 31 were

Current deferred tax assets:

Allowance for doubtful accounts
 Inventories
 Accrued vacation
 Advance billings
 Accrued bonus/incentives
 Other

Net current deferred tax assets

Noncurrent deferred tax assets (liabilities):

Property, plant and equipment
 Share-based plans
 Investments
 Intangibles
 Advance billings
 Accumulated other comprehensive loss
 Net operating loss
 Other

Net noncurrent deferred tax liabilities

Net deferred tax liability

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences at December 31, 2015. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

As of December 31, 2015, the Company had gross federal and state net operating losses [REDACTED] [REDACTED], respectively, which expire at various dates up to 2035.

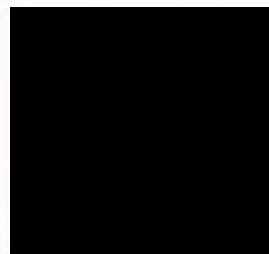
Deferred tax liabilities associated with accumulated other comprehensive loss relate primarily to the changes in the Company's interest rate swap.

(9) Operating Leases

The Company has various lease agreements for offices and equipment and also leases certain real estate from ERC. These obligations extend through 2020. Most of these operating leases provide the Company with the option to either purchase the property or renew its lease at the current fair value after the initial lease term. Generally, management expects that leases will be renewed or replaced by other leases in the normal course of business. Rent expense under these leases totaled [REDACTED] [REDACTED] for 2015 and 2014, respectively.

Future minimum payments under these leases are as follows:

2016
2017
2018
2019
Thereafter



(10) Employee Benefit Plans

The Company participates with its Parent and its subsidiaries in a noncontributory defined benefit pension plan (the ERC Plan) covering substantially all of the employees of ERC and its subsidiaries. Pension benefits are based on an employee's years of credited service and compensation. The Company's funding policy is to satisfy the funding requirements of the Employee Retirement Income Security Act of 1974. Expense related to the ERC Plan was [REDACTED] [REDACTED] in 2015 and 2014, respectively.

The Company participates with its Parent in an employee savings plan under Section 401(k) of the Internal Revenue Code (the 401(k) Plan) covering substantially all full-time employees of ERC and its subsidiaries. Employees may elect to contribute a portion of their eligible pretax compensation up to certain specified limits. The Company also makes matching contributions to the 401(k) Plan. Expense related to the 401(k) Plan was [REDACTED] [REDACTED] in 2015 and 2014, respectively.

(11) Related-Party Transactions

ERC and RCH provide accounting and administrative services to their subsidiaries. As discussed in note 1, transactions with the TCT, RTC and MTC regulated entities are not eliminated in consolidation due to the application of regulatory accounting at these entities. Management services to/from related parties includes charges by RCH to its regulated subsidiaries. Operating expenses also include management services charged by ERC to RCH. All services are primarily billed to the regulated entities in the form of management services and are calculated based upon cost and a rate of return to provide such services as prescribed by the regulatory process.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Income and expense items from related-party transactions included in the accompanying consolidated statements of operations and retained earnings were:

	<u>2015</u>	<u>2014</u>
Revenue:		
Management services to related parties – RCH charges to subsidiaries/affiliates		
Other – RCH charges to ERC for information technology		
Other – TCT charges to affiliates for software maintenance		
Other – Ritter Communications Inc. (RCI) charges to affiliates for data services		
Operating expenses:		
Operating expenses – ERC charges to RCH (excluding rent expense)		
Management services from related parties – RCH charges to subsidiaries/affiliates		
Operating expenses – ERC charges rent expense to RCH		
Receivables (payables) arising from related-party transactions at		
E. Ritter & Company		
E. Ritter Agribusiness Holdings, Inc.		

(12) Share-Based Payments

On November 6, 2009, ERC, the stockholder of RCH, approved the 2009 Stock Appreciation Rights Plan of

December 31, 2015 and 2014

	2015	2014
State of Tennessee	[REDACTED]	
National Exchange Carriers Association	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Independent Auditors' Report on Supplementary Information

Board of Directors and Shareholder
E. Ritter Communications Holdings, Inc.:

We have audited the consolidated financial statements of E. Ritter Communications Holdings, Inc. and subsidiaries as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated March 31, 2016 which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedule is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

March 31, 2016

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E. RITTER COMMUNICATIONS HOLDINGS, INC.
 Supplementary Consolidating Balance Sheet Schedule
 December 31, 2015

Assets

Current assets:
Cash and cash equivalents
Accounts receivable, net
Inventories
Income taxes receivable from E. Ritter & Company
Deferred income taxes
Repurchase agreement
Due from affiliates
Other
Total current assets
Noncurrent assets:
Investments
Goodwill
Deferred income taxes
Other intangible assets
Total noncurrent assets
Property, plant and equipment – net

Liabilities and Stockholder's Equity

Current liabilities:
Accounts payable
Due to affiliates
Income taxes payable to E. Ritter & Company
Current maturities of capital lease obligations
Current maturities of long-term debt
Advance billings
Deferred income taxes
Other
Total current liabilities
Long-term liabilities:
Capital lease obligations
Long-term debt
Deferred income taxes
Advance billings
Other
Total long-term liabilities
Stockholder's equity:
Common stock
Additional paid-in capital
Retained earnings
Accumulated other comprehensive loss
Total stockholder's equity

See accompanying notes to consolidated financial statements.

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E. RITTER COMMUNICATIONS HOLDINGS, INC.
 Supplementary Consolidating Balance Sheet Schedule
 December 31, 2014

Assets

Current assets:
Cash and cash equivalents
Accounts receivable, net
Inventories
Income taxes receivable from E. Ritter & Company
Deferred income taxes
Repurchase agreement
Due from affiliates
Other
Total current assets
Noncurrent assets:
Investments
Goodwill
Deferred income taxes
Other intangible assets
Total noncurrent assets
Property, plant and equipment – net

Liabilities and Stockholder's Equity

Current liabilities:
Accounts payable
Due to affiliates
Income taxes payable to E. Ritter & Company
Current maturities of capital lease obligations
Advance billings
Deferred income taxes
Other
Total current liabilities
Long-term liabilities:
Capital lease obligations
Long-term debt
Deferred income taxes
Advance billings
Other
Total long-term liabilities
Stockholder's equity:
Common stock
Additional paid-in capital
Retained earnings
Accumulated other comprehensive loss
Total stockholder's equity

See accompanying notes to consolidated financial statements.

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E. RITTER COMMUNICATIONS HOLDINGS, INC.

Supplementary Consolidating Statement of Operations

Revenue:	
Communications revenue	
Management services to related parties	
Other	
Total operating revenue	
Cost of sales	
Gross profit	
Operating expenses:	
Operating expenses	
Depreciation and amortization	
Management services from related parties	
Total operating expenses	
Operating income	
Other income (expense):	
Loss on sale of assets	
Interest income	
Interest expense	
Other	
Total other income (expense), net	
Income (loss) before income taxes	
Provision (benefit) for income taxes	
Net income (loss)	
Retained earnings:	
Beginning of year	
Dividends	
End of year	

See accompanying notes to consolidated financial statements.

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E. RITTER COMMUNICATIONS HOLDINGS, INC.
 Supplementary Consolidating Statement of Operations
 Year ended December 31, 2014

Revenue:	
Communications revenue	
Management services to related parties	
Other	
Total operating revenue	
Cost of sales	
Gross profit	
Operating expenses:	
Operating expenses	
Depreciation and amortization	
Management services from related parties	
Total operating expenses	
Operating income	
Other income (expense):	
Loss on sale of assets	
Interest income	
Interest expense	
Other	
Total other income (expense), net	
Income (loss) before income taxes	
Provision (benefit) for income taxes	
Net income (loss)	
Retained earnings:	
Beginning of year	
Dividends	
End of year	

See accompanying notes to consolidated financial statements.

E. RITTER COMMUNICATIONS HOLDINGS, INC.
Supplemental Consolidating Statements of Cash Flows
Year ended December 31, 2015

Cash flows from operating activities:	
Net income (loss)	
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Noncash operating activities:	
Depreciation and amortization	
Deferred income taxes	
Uncollectible operating revenues	
Loss (gain) on sale of assets	
Loss on debt refinancing	
Share-based compensation	
Changes in assets and liabilities:	
Accounts receivable	
Inventories	
Other assets	
Accounts payable and due to affiliates	
Income taxes	
Advanced billings	
Other liabilities	
Net cash provided by (used in) operating activities	
Cash flows from investing activities:	
Purchase of investments	
Change in repurchase agreement	
Proceeds from sale of property, plant and equipment	
Additions to intangibles	
Additions to property, plant and equipment	
Net cash used in investing activities	
Cash flows from financing activities:	
Payment of dividends	
Payment of capital lease obligations	
Proceeds from long-term debt	
Payments on long-term debt	
Loan costs	
Net cash provided by (used in) financing activities	
Net increase (decrease) in cash and cash equivalents	
Cash and cash equivalents:	
Beginning of year	
End of year	
Supplemental cash flow disclosures:	
Interest paid, net of capitalized interest	
Income taxes paid (refunded)	

See accompanying notes to consolidated financial statements.

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E. RITTER COMMUNICATIONS HOLDINGS, INC.
 Supplemental Consolidating Statements of Cash Flows
 Year ended December 31, 2014

Cash flows from operating activities:	
Net income (loss)	
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Noncash operating activities:	
Depreciation and amortization	
Deferred income taxes	
Uncollectible operating revenues	
Gain on sale of investments	
Loss (gain) on sale of assets	
Loss on debt refinance	
Share-based compensation	
Changes in assets and liabilities:	
Accounts receivable	
Inventories/Materials and supplies	
Other assets	
Accounts payable and due to affiliates	
Income taxes	
Advanced billings	
Other liabilities	
Net cash provided by (used in) operating activities	
Cash flows from investing activities:	
Purchase of investments	
Proceeds from sale of investments	
Change in repurchase agreement	
Proceeds from sale of property, plant and equipment	
Additions to intangibles	
Additions to property, plant and equipment	
Net cash provided by (used in) investing activities	
Cash flows from financing activities:	
Payment of dividends	
Payment of capital lease obligations	
Proceeds from long-term debt	
Payments on long-term debt	
Net cash used in financing activities	
Net increase (decrease) in cash and cash equivalents	
Cash and cash equivalents:	
Beginning of year	
End of year	
Supplemental cash flow disclosures:	
Interest paid, net of capitalized interest	
Income taxes paid (refunded)	

See accompanying notes to consolidated financial statements.